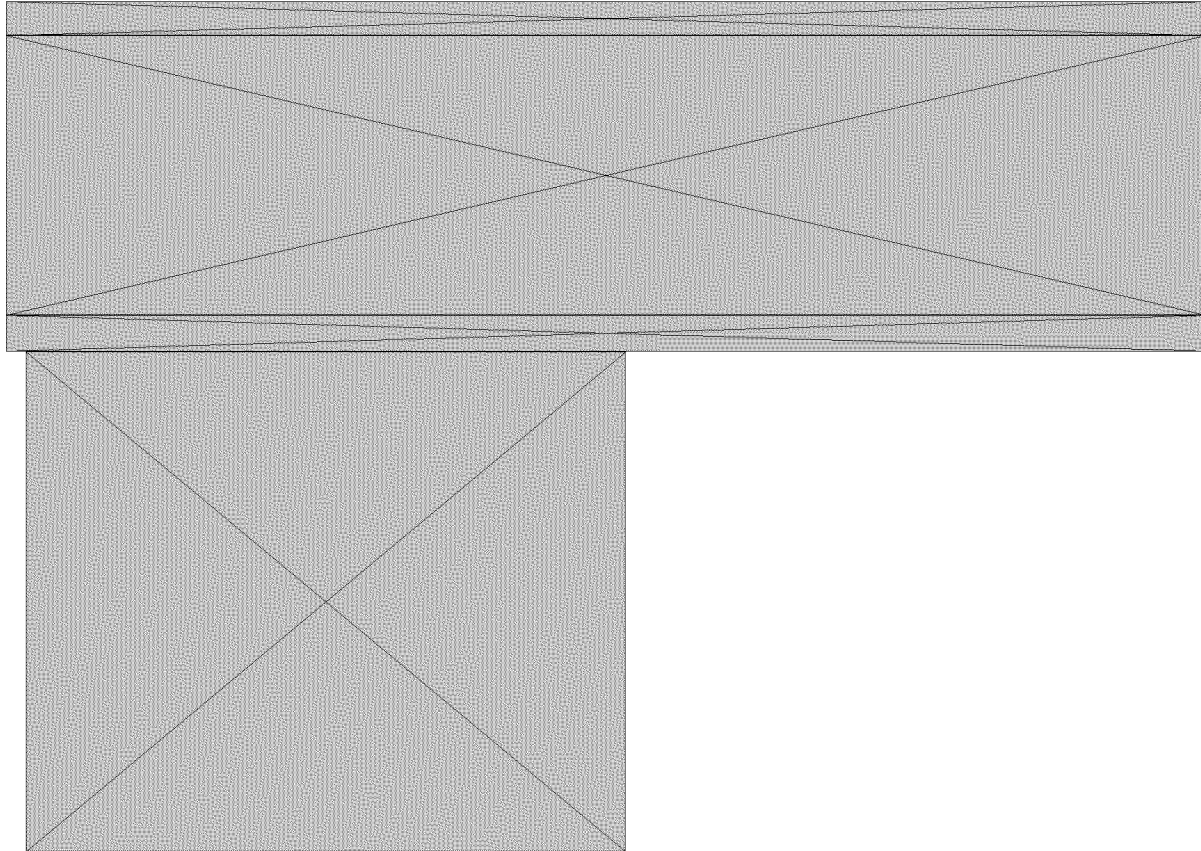


**To:** Zito, Kelly[ZITO.KELLY@EPA.GOV]  
**From:** EnergyGuardian  
**Sent:** Wed 8/12/2015 11:21:27 AM  
**Subject:** Interior leasing reform tour faces mixed reaction in coal country

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Energy and environment headlines for the morning of Wednesday, August 12, 2015



## Interior leasing reform tour faces mixed reaction in coal country

By Kevin Rogers

The Interior Department found some heartburn as it took its listening tour on federal leasing reforms to coal country. Miners warned that reforming the policy would amount to another blow to their industry, while advocates of change faulted the agency for allowing "sweetheart deals" for coal companies.

The Bureau of Land Management hearing on Tuesday in Billings, Mont., was the second of

five "listening sessions" on reforming federal coal leases.

While the first hearing in Washington, D.C., drew a coalition of environmentalists, mining lobbyists and think tank fellows, Tuesday's meeting offered coal-state stakeholders a chance to weigh in on potential changes to the policy.

The agency is considering reforms to its coal leasing program based on the findings of studies from its inspector general and the Government Accountability Office, which suggested it needed a more competitive bidding system to sell coal at a true market value.

Emily Stark, executive director of Plains Justice, a western advocacy group aimed at conservation efforts, argued that the BLM system should apply royalty costs to the final sale price of coal, not the initial sale. She pointed to some companies that extracted coal, only to sell it to subsidiaries at reduced prices.

"I'm concerned about the coal royalty system being exploited to the disadvantage of the taxpayers," she said.

"Coal companies should not be able to shirk their responsibilities and game the system by selling their coal at a reduced rate to a holding or subsidiary when the result is depriving taxpayers of a full and true royalty payment on a federally owned resource," she continued.

She pointed to an analysis from Headwaters Economics that estimated that such practices had reduced the effective royalty rate for coal to 4.9 percent — down from the 12.5 percent mandated by law.

But coal industry representatives countered that federal leasing already suffered from a long, unwieldy regulatory process, and reforming royalty rates would only make federal coal less appealing.

Christopher Friez, a land manager for the North American Coal Corporation, argued that the system currently discouraged federal coal mining, which offers no return for taxpayers.

"Currently, the federal coal leasing process takes far too long and is far too costly for companies trying to obtain leases," he said. "This cumbersome process, along with extremely high costs, makes leaving federal coal behind and mining around it a more attractive option."

Some state officials agreed with that assessment. North Dakota Public Service Commissioner Randy Christmann argued that alteration to the program would hurt his state's lignite mining industry and leave taxpayers unable to reap the benefits of federal coal royalties.

"The rate of return if the coal is not mined is zero, and that is not a fair rate for the American taxpayers, and that is becoming a serious problem in North Dakota," he said. "It is not only the federal government that loses that revenue."

But a former Montana official said the coal industry was bluffing with its threats regarding

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federal coal development, even if the leasing system is reformed.

Dan Bucks, Montana's former director of revenue, pointed to the Headwaters economics analysis that reported flaws in the leasing system had allowed coal companies to underpay royalties in Montana by as much as \$73 million over a five-year period.

The same study, he said, suggested that altering royalty rates wouldn't have a significant impact on actual production.

"Higher royalty collections would have a minimal impact on production or jobs," he said in an interview. "There just isn't that much effect on the price and demand. Demand is set more by long-term factors other than price. It's a relatively fixed set of markets for it."

Bucks advocated for a more transparent system to allow the public to better analyze the deals made for public coal and valuing coal at the price of the final sale, including for exports.

"It's chronically below market value, and that needs to change," he said.

BLM will wrap up its listening tour over the next two weeks, with meetings planned in Wyoming, Colorado and New Mexico.

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## **Keystone XL review drags on 5 times longer than average**

**By Josh Lederman**

WASHINGTON (AP) — For six and a half years, the White House has had a quick comeback to questions about its yet-to-be-announced decision on the proposed Keystone XL pipeline: Talk to the State Department.

Under a George W. Bush-era executive order, oil pipelines crossing U.S. borders require a presidential permit, setting off a government-wide review that the State Department coordinates. President Barack Obama, in no rush to anger either environmentalists or energy advocates, has deflected criticism about the long-delayed decision by arguing that his administration is merely carrying out his Republican predecessor's directive in the ordinary way.

But an Associated Press review of every cross-border pipeline application since 2004 shows that the Keystone review has been anything but ordinary.

Since April 2004, when Bush signed his order, the federal government has taken an average of 478 days to give a yes or no to all other applications — less than a year and a half. The company hoping to build Keystone has been waiting for a decision for nearly 7 years — or

more than five times the average.

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## EPA grants \$8M to study climate impact on indoor air quality

By Kevin Rogers

The Environmental Protection Agency continued to advance its climate change mitigation agenda on Tuesday, awarding \$8 million in grants to nine universities to help better understand the impact of climate change on indoor air quality.

The agency said climate change's impact on indoor air pollutants including mold, moisture, asthma triggers and radon isn't "well understood, and the research would offer more information. EPA said climate-linked extremes in temperatures, changes in pollutant infiltration and increased allergens may play a role in reducing indoor air quality.

"This research will help us better understand the effects of climate change on indoor air quality," Curt Spaulding, regional administrator of EPA's New England office, said in a statement. "Learning how air quality, climate, and energy interact in an indoor environment will help us design buildings that better protect people's health."

The funds will be distributed to Harvard University, Florida State University, the Illinois Institute of Technology, the Missouri University of Science and Technology, Rutgers University, Portland State University, the University of Oregon, Washington State University and the University of Colorado at Boulder.

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## Shell CEO says 'personal journey' led to Arctic exploration

By The Associated Press

LONDON (AP) — The CEO of Royal Dutch Shell says he decided to drill for oil off the coast of Alaska after a careful evaluation of the risks.

In an interview with the BBC broadcast Wednesday, Ben van Beurden says that although drilling in the Arctic carries an "increased risk profile" because of the fragile environment, the reservoir Shell is exploring is "from a technical perspective relatively easy."

He said: "You have to make a judgment, can I do this in a responsible way? That is a bit of a personal journey that I had to go through. ... We believe that we can responsibly explore for hydrocarbons in Alaska."

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Shell has received permission to drill at two sites in the Chukchi Sea. Activists including Greenpeace have protested, arguing it's unsafe.

## **Navajo Nation says it feels brunt of Colorado mine leak**

**By Susan Montoya Bryan and Ellen Knickmeyer**

ALBUQUERQUE, N.M. (AP) — Russell Begaye stared into a hole in the side of a Colorado mountain, watching as yellow water contaminated with heavy metals poured out and raced down a slope toward a creek that feeds rivers critical to survival on the nation's largest Native American reservation and in other parts of the Southwest.

At the Gold King Mine, Begaye, president of the Navajo Nation, couldn't help but see the concerned faces of his people — the farmers who no longer had water for corn crops and the ranchers who had to scramble to get their cattle, sheep and goats away from the polluted San Juan River.

"We were told that the water was clearing up and getting back to normal," he said. "This is what EPA was telling us. We wanted to go up there as close as we could to the source. We wanted our people to see the water is still yellow."

Begaye and a small contingent of Navajo officials worked their way unannounced past barriers and up the mountain over the weekend to get a closer look at the mine blowout that federal officials said sent more than 3 million gallons of water laden with lead, arsenic and other metals down the Animas River and into the San Juan River.

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## **Federal appeals court hears arguments on polar bear habitat**

**By Dan Joling**

ANCHORAGE, Alaska (AP) — A federal plan designating a huge swath of the U.S. Arctic as critical polar bear habitat should be upheld over the objections of the state of Alaska, petroleum industry groups and communities along Alaska's north coast, a Justice Department lawyer told an appeals court Tuesday.

Robert Stockman acknowledged that the U.S. Fish and Wildlife Service plan designating an area larger than California as critical habitat lacked specifics, such as the exact sites where polar bears establish dens. But the agency acted based on the best data available from polar bear experts as is required by endangered species law, he said.

"The service had to make a judgment call based on limited data," Stockman said.

Polar bears, a marine mammal, were declared a threatened species in 2008 under former President George W. Bush because of diminishing sea ice brought on by global climate warming. Polar bears use sea ice to breed and hunt ice seals.

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## **A message from the American Petroleum Institute**

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## **NOAA announces plan for endangered Hawaiian monk seal**

**By Caleb Jones**

HONOLULU (AP) — Federal fisheries authorities want to more than double the small population of endangered Hawaiian monk seals in the state's main islands.

The National Oceanic and Atmospheric Administration National Marine Fisheries Service on Tuesday released a draft management plan for the endangered species, of which approximately 200 live in the main Hawaiian Islands.

There are approximately 1,100 Hawaiian monk seals total, with most of them living in the uninhabited Northwestern Hawaiian Islands. The species was listed as endangered under the U.S. Endangered Species Act in 1976.

NOAA's Hawaiian Monk Seal Recovery Coordinator Rachel Sprague said that while the population of monk seals in the main Hawaiian Islands has been increasing, the overall population continues to decline.

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## **Gas explosion behind oil plant in northern Mexico kills 5**

**By The Associated Press**

MONTERREY, Mexico (AP) — Authorities say a gas pipeline explosion and subsequent fire behind a plant run in northern Mexico by the state oil company known as Pemex has killed at least five people.

Jorge Camacho Rincon, civil defense director for the northern state of Nuevo Leon, says that emergency workers found the five bodies after the fire was controlled. The dead were not immediately identified.

It was not known if more people were killed or injured in the Tuesday afternoon explosion.

The oil company, whose full name is Petroleos Mexicanos, says it's investigating the cause of the explosion and is not ruling out the possible theft of gas from its lines.

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## **10 killed in southern China coal mine accident**

**By The Associated Press**

BEIJING (AP) — A coal mining accident in southern China has left 10 dead and five injured, local authorities said Wednesday.

The Pu'an county government in Guizhou province said on its website that 56 of those in the mine had safely reached the surface and rescue work was continuing. It wasn't clear whether any miners remained unaccounted for.

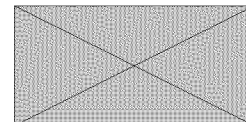
The notice did not give a cause for Tuesday night's accident, although the official Xinhua News Agency says it appeared to have been a gas explosion. Such blasts are usually caused when poor ventilation leads to a buildup of highly volatile coal gas inside the shaft.

China's mining industry has seen a dramatic improvement in safety, with deaths falling to under 1,000 last year from more than 6,000 per year a decade ago.

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### **Week in Review - Clean Power Plan rolls out amid charges of collusion**

Meanwhile, power plant emissions hit 27-year low.

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### **IEA finds oil price drop boosting consumption**



The International Energy Agency reported Wednesday that demand for oil is growing faster than at any time since 2010 now that crude prices have dropped below \$50 a barrel, The Wall Street Journal reports.

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## **EPA dragging its feet on pesticide, court says**

The 9th U.S. Circuit Court of Appeals has ruled that the Environmental Protection Agency has until the end of October to formally respond to a petition conservation groups filed more than eight years ago to restrict the use of chlorpyrifos, The Hill reports.

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## **California court rules for tighter farm runoff standards**

A Sacramento County Superior Court has sided with environmentalists, concluding that rules governing farm runoff in Central California, which the state loosened at the request of the agriculture industry, are not strict enough, the Los Angeles Times reports.

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## **Fewer companies hauling oil equipment**

Oil company cuts prompted by lower prices have triggered a wave of consolidation in the trucking firms that haul drilling equipment, The Wall Street Journal reports.

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## **Coal sales to jump in 2017, Patriot and Blackhawk predict**

According to documents filed in bankruptcy court, Patriot Coal and Blackhawk Mining are predicting an increase in sales in 2017 from 12 mines they hope to be running from a new merged company, Platts reports.

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## **Fast ramp-up for Iranian crude after sanctions, IEA predicts**

The International Energy Agency predicts that Iran could quickly increase its crude production by as much as 730,000 barrels per day after sanctions are lifted as part of Tehran's nuclear deal with the West, Reuters reports.

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## **Oil higher over predictions of jump in demand**

International Energy Agency predictions of accelerating oil demand helped boost prices early Wednesday, despite concerns about the future of China's economy. U.S. benchmark crude

gained 30 cents to \$43.38 a barrel in electronic trading on the Nymex, while in London Brent was 30 cents higher to \$49.48, Reuters reports.

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### **Duke says gas-fired units less costly**

The final cost of a natural gas-fired combined cycle unit installed at the Sutton Plant by Duke Energy Progress in North Carolina came in lower than expected, at \$551 million or approximately \$882 per kilowatt of installed capacity, Platts reports.

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### **Regulators confuse, upset homeowners with response to NC coal ash spill**

Conflicting water tests and changing health standards by state regulators have upset and confused homeowners in North Carolina in the aftermath of a coal ash spill from a Duke Energy power plant, The Washington Times reports.

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### **Alabama Power presenting renewable plan**

The Alabama Public Service Commission holds a hearing Wednesday on a proposal by Southern Co. subsidiary Alabama Power Co. to seek up to 500 megawatts of renewable energy projects, the Birmingham Business Journal reports.

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### **Magness to become ERCOT CEO**

Bill Magness – currently general counsel of the Electric Reliability Council of Texas – will take over as CEO of the grid operator next year from Trip Doggett, after a vote by the board of directors Tuesday, FuelFix reports.

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